

David Weeks (AMNT Engaged Investor 7 Jan 16)

Pension scheme trustees who want to be well prepared for troubles in 2016 can find some useful preparation on the web site of the Association of Member Nominated Trustees: www.amnt.org There is a report there of the World Pensions Council's fifth annual forum held in Paris in last December. The theme was "The long term assets of pension, sovereign and insurance investors in a time of economic realignment and climate change".

The forum addressed issues that match closely the top two areas of concern that AMNT members expressed in a recent survey. These are: (1) political and regulatory stability; and (2) climate change and environment. AMNT members represent a thoughtful approach in the pensions industry.

Here are some extracts from the Paris forum. These give a flavour of the more detailed report that can be found on the AMNT web site.

Janice Turner, co chair of AMNT, introduced the association's Red Line initiative. This aims to give all pension schemes, no matter how small, the capacity to direct how votes associated with their investment are cast. The Red Lines are a set of tightly drawn voting instructions, which cover a wide range of environmental, social and governance issues. They are in furtherance of the UN Global Compact and the UK Corporate Governance Code.

Professor Jeffrey Sachs, special adviser to the UN Secretary General, looked at COP21 climate change targets for the years up to 2030. The important issue is to ensure that these targets are met in ways that help them to lead to zero emissions (full decarbonisation) by 2070. The US Senate and the Murdoch media empire are unhelpful influences, Sachs said. He urged the pensions industry, and other holders of financial stakes, to scrutinise the energy policies of companies that are in their investment portfolios. He supports the Red Line initiative that Janice Turner had just outlined.

Kevin Le Grand, president of the Pension Management Institute, spoke on UK moves to strengthen the governance arrangements for defined contribution pension schemes. Changes came about in response to new Government policies: in particular (1) the launch of automatic enrolment into work based pension schemes; and (2) "Freedom and Choice" initiative. Changes in governance will also come in response to a survey of pension scheme trustees that the UK's Pension Regulator has just carried out.

Christopher Knowles, of European Investment Bank, spoke on fostering a greener economy through financial innovation. The task is for the world to stay on track to limit global warming to below a 2 degree Centigrade rise in average temperatures. He looked at the capital intensive work that will be needed to achieve this. The EIB will provide funding for catalysts. Private sector enhancement will then be needed.